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REPORT OF THE SECRETARY-GENERAL ON HIS MISSION OF GOOD OFFICES IN CYPRUS

1. The present report is submitted pursuant to the Security Council's request in paragraph 7 of its resolution 1218 (1998) of 22 December 1998. My report on those aspects of the resolution that relate to the United Nations Peacekeeping Force in Cyprus (UNFICYP) was submitted to the Council on 8 June (S/1999/657). Meanwhile, I have informed the Council of my intention to appoint Ann Hercus as my Special Representative as of 1 July 1999.

2. As reported in my letter dated 14 December 1998 (S/1998/1166) addressed to the President of the Security Council, on 30 September 1998, following meetings with Glafcos Clerides and Rauf Denktash, I asked my Deputy Special Representative for Cyprus, Ann Hercus, to begin a process of on-island talks with both parties with a view to reducing tension and promoting progress towards a just and lasting settlement. In its resolution 1218 (1998), the Council expressed appreciation for the spirit of cooperation and constructive approach the two sides demonstrated in working with my Deputy Special Representative.

3. In accordance with Security Council resolution 1218 (1998) and in continuation of my initiative of 30 September 1998, my Deputy Special Representative has held numerous meetings with both leaders during the past six months. The substance of these "shuttle talks", as they have come to be known, has remained confidential, and both Mr. Clerides and Mr. Denktash continued to engage in them in a constructive manner.

4. Apart from their confidentiality, the specific agreed methodology of the shuttle talks is that, at this point, neither side is aware of the views expressed to my Deputy Special Representative by the other side. While this format allows me to assess to what extent there is convergence of views on the various aspects, it also has its limitations, as a formal agreement can only be achieved in comprehensive negotiations directly involving both leaders.

5. The discussions involving my Deputy Special Representative have reconfirmed the importance of the issue of political equality. In pursuing the Secretary-General's mission of good offices, my predecessors and I have dealt with the two sides on an equal footing and, together with our representatives, have conducted our work on an equal and even-handed basis. However, the Turkish Cypriot contention is that other aspects of their situation place them at a disadvantage

and undermine the commitment to political equality. A major challenge for the negotiations is how to translate this commitment into clear, practical provisions to be agreed upon by both sides. I hope that both sides will approach any resumption of negotiations in that spirit. I am confident that the international community would support any solution upon which both sides can mutually agree.

6. Cyprus is fortunate that, despite the long-running dispute and continuing tension, there has been no resumption of fighting between the two sides for the past 25 years. However, the absence of a settlement, comfortable as the status quo may appear to some, remains a source of instability and tension. Neither side has anything to gain from waiting any longer. The young generations on both sides deserve to be given the opportunity to live peacefully and in prosperity. It should be understood by all concerned that a lasting settlement can only be reached in negotiations.

7. In the decades during which it has resisted efforts at settlement, the Cyprus problem has become overlain with legalistic abstractions and artificial labels, which are more and more difficult to disentangle and which would appear increasingly removed from the actual needs of both communities. It is now time to focus on the core issues.

8. Over the years, many elements that would make up a solution have been identified. Based on past and current discussions and negotiations with and between the two leaders, the remaining core issues, in my view, put simply, are: (a) security, (b) distribution of powers, (c) property and (d) territory. A compromise on these issues would remove the remaining obstacles towards a peaceful settlement. It is essential, however, that these core issues be addressed without preconditions in a practical, realistic and straightforward manner in comprehensive negotiations.

9. I appreciate the support expressed by the Heads of State of the "G-8" countries, five of whom are members of the Security Council, at their summit held in Cologne, Germany, from 18 to 20 June for holding "a comprehensive negotiation covering all relevant issues". Their statement highlights the continuing interest of the international community in a solution of the Cyprus problem, a solution which would have a positive effect on peace and stability in the entire region. In particular, the members of the G-8 have urged me "in accordance with relevant Security Council resolutions to invite the leaders of the two parties to negotiations in the fall of 1999".

10. In light of the above, and subject to the Security Council's guidance, I am ready to invite both leaders to enter into a process of comprehensive negotiations without preconditions and in a spirit of compromise and cooperation. While each leader faces the responsibility of representing the views and aspirations of his side, they have the joint responsibility for achieving a concrete, mutually acceptable and forward-looking solution. I will ask my Special Representative designate to continue the process of dialogue with the parties to that end.